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OP- 86-1571

OCA 86-0751/1

13 March 1986

MEMORANDUM FOR: Director, Office of Personnel

FROM: Legislation Division
Office of Congressional AffairsSUBJECT: OPM Draft Bill to Reform Civil Service
Retirement System

1. Attached at Tab A for your review and comment is a draft bill prepared by OPM to reform the Civil Service Retirement System. The bill, which applies to employees hired before 1 January 1984, would do the following: 1) increase employee contribution to retirement from 7% to 9%; 2) compute retirement benefits based on the highest earnings over a five-year period rather than the current three-year period; 3) maintain early retirement at age 55, but reduce retirement benefits by 2% for each year an individual retired before 62; 4) limit COLAs; and 5) make several changes in the eligibility rules for surviving spouses, former spouses and individuals having an insurable interest. The proposal is basically a warmed over version of the OPM proposal sent to us last year, except that this year's version would not apply to CIARDS.

2. You will recall that in our comments last year on the bill, the Director sent a letter to OMB objecting to the section of the draft bill that would reduce the annuity for CIARDS participants who retired at age 50 (Tab B). We were successful in convincing OMB to remove that section. The Director then attempted to convince OMB that the bill should not impose early retirement penalties on the rest of the Agency work force (Tab C). We were not successful in this appeal. The draft bill was then sent to the Hill, but it did not receive a favorable reception.

3. As you know, the Administration has already attempted to sell the bill again this year and once more we expect they will be rebuffed by House Post Office and Civil Service Committee.

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4. We would appreciate your views on how to respond to the OMB request for our comments on the OPM proposal. Given the bill's poor prospects and the fact that we were rebuffed last year, there is an argument for not making a big push this year to obtain special consideration for our non-CIARDS employees. However, I am inclined not to give up on this issue. At the very least, we want to preserve our original position on this matter. In order that we may prepare a timely response, I would appreciate receiving your views no later than 17 March 1986.

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Attachments as
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